

**Genesee County
Self-Insured Trust Pool
(A Fund of Genesee County, Michigan)**

**Financial Statements
September 30, 2007 and 2006**

Genesee County Self-Insured Trust Pool

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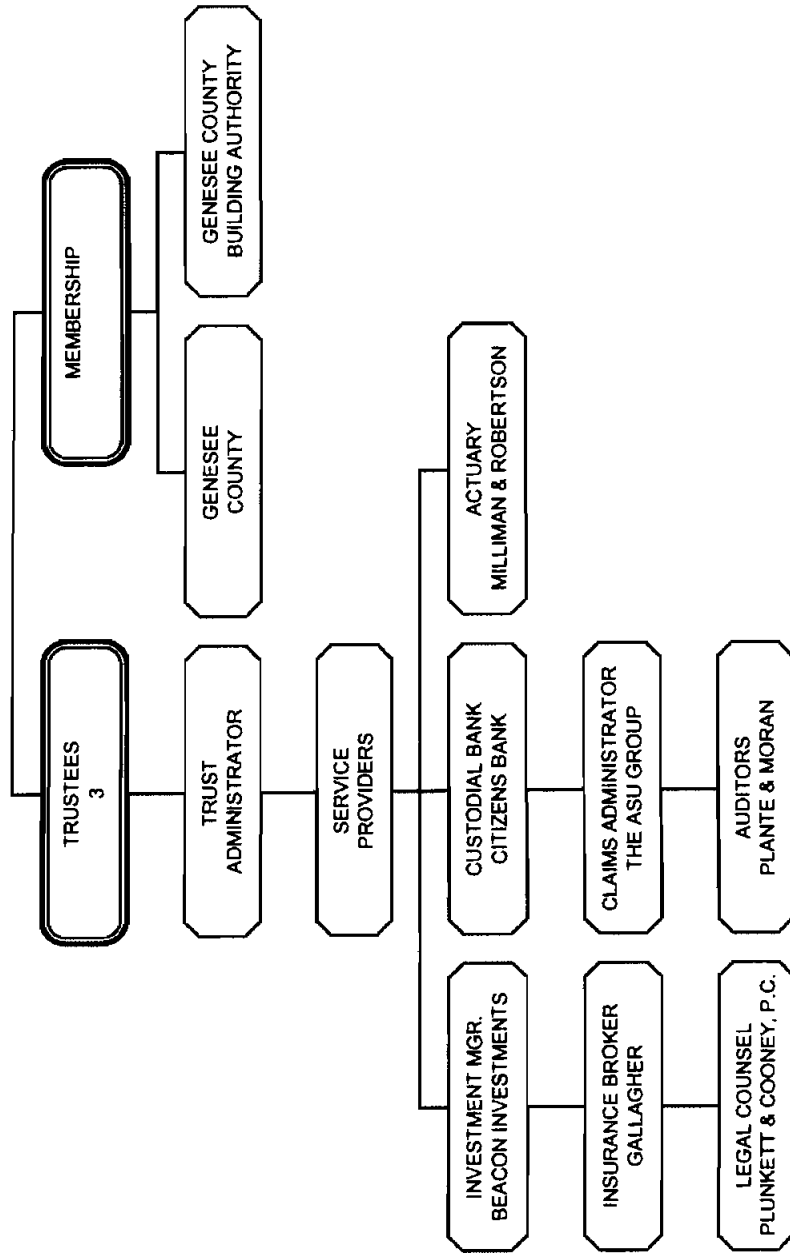
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Introductory Section

GENESEE COUNTY SELF-INSURED TRUST POOL



Genesee County Self-Insured Trust Pool

January 14, 2008

The annual financial report of the Genesee County Self-Insured Trust Pool (Pool) for the fiscal period ended September 30, 2007 is submitted herein. This report was prepared by the Trustees of the Pool. Responsibility for both the accuracy of the presented data and the completeness of the presented data, including all disclosures rests with the Pool. We believe the data as presented to be accurate in all material aspects; that it is presented in a manner designated to fairly set forth the financial position and results of operations of the Pool as measured by the financial activity of the fund and that all disclosures necessary to enable the members to gain an understanding of the Pool's financial activity has been included.

Financial and Actuary Reports

The accrual basis, under which revenues are recorded when earned and expenses are recorded when the related liabilities are incurred, is used to account for the Pool funds within the auditor's financial report.

Notes to Financial Statements

The notes provided in the financial section of this report are considered an integral, essential part of adequate disclosure and fair presentation of this financial report. The notes express significant insight into the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this report.

Background and History

The Pool was formed pursuant to the Michigan Intergovernmental Cooperation Act, P.A. 138 of 1982, as amended. The Pool became fully operational in January 1996. The purpose of the Pool is to provide general liability (includes law enforcement liability and incidental medical malpractice), public officials errors and omission, auto liability and property insurance coverages, as well as claims administration, risk management, legal and loss control services. The Pool currently only provides coverages for general liability and public officials' errors and omissions, with the accompanying service for claims, legal and loss control administration.

The Pool was initially formed with and still has two members, consisting of the County of Genesee and the Genesee County Building Authority.

Management and Control

Board of Trustees

The Pool is governed by a board of trustees. Any member joins in electing the trustees as its governing authority. The trustees govern and administer the Pool in accordance with the Intergovernmental Contract Between Municipalities Act, the Pool's intergovernmental contract, and the Genesee County Self-Funded Property/Casualty Program Trust Agreement (Trust Agreement). On matters involving governance of the Pool, the intergovernmental contract will control over the trust agreement to the extent of any inconsistency between them.

In accordance with the trust agreement, the trustees shall be the following: The Genesee County Controller (Building Authority Representative), the County Corporation Counsel and the County Risk Manager (County Representatives). A trustee shall cease to be such upon ceasing to hold the above referenced positions. The County Controller shall serve as Chairperson of the Board and the Risk Manager as Administrator of the Pool.

Members of the Board of Trustees duly elected and serving as of September 30, 2007 were:

<u>Name</u>	<u>County Title</u>
George Martini	Controller
Ward Chapman	Corporation Counsel
P. Andrea Smutz	Risk Manager

Members

One or more municipal corporations not initially a party to the intergovernmental contract may become a member or members of the Pool. Members shall be admitted provided that such municipal corporation is a component of county government within Genesee County, upon approval by the Genesee County Board of Commissioners, and upon adoption of the intergovernmental contract. The insurance coverages for, and the required contributions from, any such additional member will be provided in an additional appendix to the intergovernmental contract.

Territory and Plan of Operation

The Pool insured its members for general liability, law enforcement, incidental medical malpractice, and public officials' errors and omissions coverages.

The Pool has no employees. Most administrative, accounting, and financial reporting services are performed by employees of Genesee County.

The Pool has contracted with ASU Risk Management Services for claims administration services.

The following is a summary of the growth (in dollars) of the Pool from October 1, 2002 to September 30, 2007.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Members' Surplus</u>	<u>Members Contributions</u>
2003	\$7,181,605	\$1,656,591	\$5,525,014	\$ 728,886
2004	6,976,831	1,091,521	5,885,310	784,180
2005	7,230,827	1,306,901	5,923,926	766,381
2006	7,263,585	2,130,578	5,133,007	827,621
2007	7,337,758	1,913,448	5,424,310	1,141,515

Per a review by the State and its actuarial team, the trustees have elected to use the undiscounted reserves for unpaid loss and loss adjustment expenses which reflect the actual projection and a better than expected loss history.

Insurance

The Pool is permissively self-insured (SIR) and maintains a self-insured retention of \$500,000 for each occurrence. The Pool purchases specific excess insurance of \$5,000,000 aggregate excess insurance for coverages in excess of the SIR. The Primary layer of \$5,000,000 was purchased from International Insurance Company of Hannover (SIRPRO).

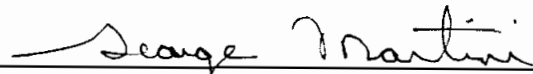
The Pool has purchased an additional \$15,000,000 in excess of the primary layer. \$5,000,000 excess of the primary and SIR was purchased from Westchester Surplus Lines and an additional \$10,000,000 excess of \$10,000,000 and the SIR was purchased from Lexington Insurance Company. The Pool has a total limit of \$20,000,000 while retaining \$500,000 as the self-insured retention for the pool.

Investments

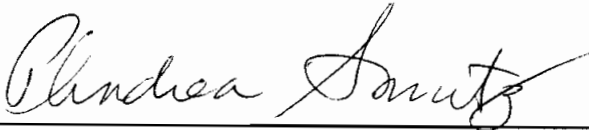
Investments are recorded at fair value. Custodian for the Pool is Citizens Bank, Flint, Michigan, with Beacon Investments, Ann Arbor, as investment advisors.

This report is submitted to the Pool members, acknowledging the support of the Genesee County Controller's Office accounting staff.

Submitted by:



George Martini, Chairperson



P. Andrea Smutz, Administrator/Risk Manager

Financial Section

Independent Auditors' Report

To the Board of Trustees
Genesee County Self-Insured Trust Pool

We have audited the accompanying financial statements of the Genesee County Self-Insured Trust Pool Fund of the Genesee County, Michigan as of and for the years ended September 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Genesee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Genesee County Self-Insured Trust Pool Fund and do not purport to, and do not, present fairly the financial position of the Genesee County, Michigan as of September 30, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Genesee County Self-Insured Trust Pool Fund of the Genesee County, Michigan, as of September 30, 2007 and 2006, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis, and is not required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

January 14, 2008

Management's Discussion and Analysis

Genesee County Self-Insured Trust Pool

Management's Discussion and Analysis

As management of the Genesee County Trust Pool, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Trust Pool for the fiscal year ended September 30, 2007.

Overview

The Pool was established in January of 1993, pursuant to Section 5 of Chapter 124 of the Public Acts of 1982, Number 138 of the Michigan Compiled Laws. Chapter 124 authorizes municipal corporations to form a group self-insurance trust to provide risk management and self-insurance coverage.

The purpose of the Trust Pool is to provide general liability, public officials' errors and omissions, and auto liability, as well as claims administration, risk management and loss control services. The Pool currently provides coverage for general liability and public officials' errors and omissions. The Pool has two members, the County of Genesee and the Genesee County Building Authority. The Pool is governed by a board of trustees. The trustees govern and administer the Pool in accordance with the Intergovernmental Contract Municipalities Act, the Pool's intergovernmental contract and the Genesee County Self-Funded Property/Casualty Program Trust Agreement (the trust agreement).

In accordance with the trust agreement, the trustees of the Pool shall be the Genesee County Controller, the County Corporation Counsel, and the County Risk Manager. An individual shall cease to be a trustee upon ceasing to hold the above-referenced positions. The County Controller shall serve as Chairperson of the Board and the Risk Manager shall act as administrator of the Pool. This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table on the following page displays key financial information in a condensed format of current year compared to the prior two years:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total assets	\$ 7,337,758	\$ 7,263,585	\$ 7,230,827
Total liabilities	<u>1,913,447</u>	<u>2,130,578</u>	<u>1,306,901</u>
Net assets (Unrestricted)	<u>\$ 5,424,311</u>	<u>\$ 5,133,007</u>	<u>\$ 5,923,926</u>

Genesee County Self-Insured Trust Pool

Management's Discussion and Analysis (Continued)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net investment income	\$ 1,058,865	\$ 271,678	\$ 445,728
Member contributions	<u>1,141,515</u>	<u>827,621</u>	<u>766,381</u>
Total revenues and other income	<u>2,200,380</u>	<u>1,099,299</u>	<u>1,212,109</u>
Claims paid	419,307	348,928	115,160
Increase in reserve for claims	513,857	559,891	124,708
Other expenses	<u>975,912</u>	<u>981,399</u>	<u>933,625</u>
Total expenses	<u>1,909,076</u>	<u>1,890,218</u>	<u>1,173,493</u>
Excess of revenue over (under) expenses and claims	<u>\$ 291,304</u>	<u>\$ (790,919)</u>	<u>\$ 38,616</u>

Asset Allocation

An Investment Policy adopted by the trustees of the Genesee County Self-Insurance Trust has directed the investment manager to invest the Trust assets in the following manner, which is in compliance with applicable state statutes:

<u>Minimum Allocation</u>	<u>Maximum Allocation</u>	<u>Asset Class</u>
40%	55%	Domestic Common Stocks
45%	60%	Fixed Income

Economic Factors

In 2007, the U.S. stock market rewarded investors with its robust growth. Led by increases in productivity and by a sustained level in capital investment and inventory rebuilding, the equity markets provided investors with a positive rate of return. However, the short-term economic outlook remains cautious due to the continued uncertainty about future interest rate levels and oil product supply availability and price.

Investment Returns and other important matters

Because the stock market is the principal investment forum utilized by the Trust, the market's 2006 market rate of return had a positive impact on the Trust. In 2006, contributions to the trust generated approximately \$620,000 in net investment income, or 8.9 percent. It is important to note that the Trust's purpose is to hold funds to provide long-term benefit payments. It is through long-term investing that these promised benefits will be primarily funded.

Genesee County Self-Insured Trust Pool

Management's Discussion and Analysis (Continued)

Through its asset allocation, the trustees have positioned the portfolio for this long-term investment objective. In addition, to further maximize investment returns, the Trust Administrator carefully monitors the performance of the portfolio and will take the necessary corrective actions to ensure acceptable investment results.

Since the Trust receives all of its new funding from its plan sponsor, the Genesee County Self Insurance Trust Pool's annual contribution is critical for the Pool's long-term viability.

Contacting the pool's financial management

This financial report is designed to provide the public, citizens, and other interested parties a general overview of the Pool's finances and to show the Pool's accountability for the money it receives. If you have any questions about this report or need additional financial information, feel free to contact the Controller, County of Genesee, 1101 Beach Street, Flint, MI 48502.

Genesee County Self-Insured Trust Pool

Balance Sheets September 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$ 52,142	\$ 113,521
Investments	7,100,423	6,957,738
Accounts receivable	-	3,800
Accrued interest receivable	39,086	34,305
Prepaid expenses	146,107	154,221
Total assets	\$ 7,337,758	\$ 7,263,585
Liabilities and Net Assets		
Liabilities:		
Other payables	\$ 10,478	\$ 3,946
Accrued payroll	2,706	2,259
Due to Genesee County Non-Pool Trust Fund	-	737,967
Reserve for claims	1,900,263	1,386,406
Total liabilities	1,913,447	2,130,578
Net Assets		
Unrestricted	5,424,311	5,133,007
Total liabilities and retained earnings	\$ 7,337,758	\$ 7,263,585

The Notes to Financial Statements are an Integral Part of this Statement.

Genesee County Self-Insured Trust Pool

Statements of Revenues, Expenses, and Changes in Net Assets For the Years Ended September 30, 2007 and 2006

	2007	2006
Revenues and Other Income		
Member contributions	\$ 1,141,515	\$ 827,621
Investment earnings	1,058,865	271,678
Total revenues and other income	2,200,380	1,099,299
Claims		
Paid	419,307	348,928
Increase in reserves for claims	513,857	559,891
Total claims	933,164	908,819
Excess of Revenue Over Claims	1,267,216	190,480
Expenses		
Administrative Expenses:		
- Wages	40,387	37,844
Fringe Benefits	15,193	13,741
Other service charges	146,604	124,225
Reinsurance fees	770,248	802,074
Professional fees and other	1,480	2,440
Loss control/safety	2,000	1,075
Total expenses	975,912	981,399
Excess of revenue over (under) expenses and claims	291,304	(790,919)
Net Assets - Beginning of year	5,133,007	5,923,926
Net Assets - End of year	\$ 5,424,311	\$ 5,133,007

The Notes to Financial Statements are an Integral Part of this Statement.

Genesee County Self-Insured Trust Pool

Statements of Cash Flows For the Years Ended September 30, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Cash received from members	\$ 1,140,534	\$ 845,593
Cash paid for claims	(419,307)	(348,928)
Cash payments to suppliers and other	(1,643,653)	(664,138)
Cash payments to employees for services	(55,133)	(51,519)
Net cash used in operating activities	(977,559)	(218,992)
Cash Flows from Investing Activities		
Purchase of investment securities	(8,004,489)	(3,656,321)
Proceeds from the sale of investment securities	8,718,711	3,747,055
Interest and dividends received	201,958	190,446
Net cash provided by investing activities	916,180	281,180
Net increase in cash and cash equivalents	(61,379)	62,188
Cash and Cash Equivalents - Beginning of year	113,521	51,333
Cash and Cash Equivalents - End of year	\$ 52,142	\$ 113,521
Reconciliation of operating loss to net cash used in operating activities:		
Operating gain (loss)	\$ 291,304	\$ (790,919)
Adjustments to reconcile excess of revenues over expenses and claims before transfers to net cash used in operating activities:		
Realized and Unrealized (gains) losses on investments	(856,907)	(81,232)
Change in IBNR	513,857	559,891
Interest and dividends received	(201,958)	(190,446)
Change in assets and liabilities:		
Due to other funds	(737,967)	269,634
Accounts and accrued interest receivable	(981)	26,971
Prepaid expenses	8,114	(7,043)
Accrued expenses	6,979	(5,848)
Net cash used in operating activities	\$ (977,559)	\$ (218,992)

Noncash Transactions

The unrealized gains (losses) for 2007 and 2006 were \$279,505 and \$(29,963), respectively.

The Notes to Financial Statements are an Integral Part of this Statement.

Genesee County Self-Insured Trust Pool

Notes to Financial Statements September 30, 2007 and 2006

Note 1 - Description of Operations, Reporting Entity, and Fund Types

The Genesee County Self-Insured Trust Pool (hereafter called the "Pool") was created to initiate and oversee loss prevention and loss control activities to reduce losses and to account for all applicable liability claims for the County's participating member units (currently, Genesee County and the Genesee County Building Authority). The Pool was created in accordance with State law, Michigan Intergovernmental Cooperation Act, P.A. 138 of 1982, as amended.

These financial statements present only the fund of the Genesee County Self-Insured Trust Pool (the Pool) (a fund of Genesee County) and do not purport to, and do not, present fairly the financial position of Genesee County, Michigan as of September 30, 2007 and the changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States. Industry standards require the County to include the financial activities of the Pool in the County's Annual Financial Report. The Annual Financial Report of Genesee County is available for public inspection at the Governmental Center. The Pool was created by Genesee County through the establishment of a Trust in January 1996.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of The Pool conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. Basis of presentation:

The financial activities of the Genesee County Self-Insured Trust Pool are accounted for in an enterprise fund. The Pool accounts for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income, is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. Measurement focus:

The accounting and financial reporting treatment applied to the Pool is determined by its measurement focus. The Pool is a proprietary fund and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Genesee County Self-Insured Trust Pool

Notes to Financial Statements September 30, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Basis of accounting:

The accrual basis of accounting is used by the Pool. The accrual basis provides that revenues be recorded when earned and expenses are recorded when the related liability is incurred. The Pool applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

D. Cash and cash equivalents:

For purposes of the cash flows statement, all highly liquid short-term investments with a maturity of less than 90 days at time of purchase are classified as cash and cash equivalents.

E. Accounts receivable:

Accounts receivable balances are comprised mainly of amounts due from vendors. Management follows the allowance method in valuing accounts receivable. No allowance was necessary for the years ended September 30, 2007 and 2006.

F. Investments:

Investments are stated at fair value.

G. Prepaid expenses:

Prepaid expenses are payments made to vendors for services that will benefit future periods.

H. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Cash and Investments

Investments:

State statutes as they relate to group Self-Insurance Pools (Public Act 218 of 1956, as amended) authorizes the Pool to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, commercial paper, common stocks, real estate, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptances of U.S. banks, common stocks, and mutual funds comprised of the above authorized investments. The Pool has adopted the above as its investment policy and has authorized the following depositories: Citizens Bank and Beacon Investment Company.

Genesee County Self-Insured Trust Pool

Notes to Financial Statements September 30, 2007 and 2006

Note 3 - Cash and Investments (Continued)

Investments: (continued)

The Pool's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Pool's deposits may not be returned to it. The Pool does not have a deposit policy for custodial credit risk. The Pool had \$52,142 and \$113,521 of bank deposits that were a part of Genesee County's pooled cash account at September 30, 2007 and 2006, respectively. The Pool's portion of uninsured and uncollateralized deposits is unknown.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pool will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pool does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Pool's name.

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
At September 30, 2007:		
Corporate bonds	\$1,840,459	Counterparty's trust dept
Corporate stocks	\$4,366,348	Counterparty's trust dept
Government Securities	\$613,000	Counterparty's trust dept
At September 30, 2006:		
Corporate bonds	\$2,319,720	Counterparty's trust dept
Corporate stocks	\$4,338,923	Counterparty's trust dept

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Pool's investment policy does not restrict investment maturities. As of September 30, 2007, the Pool had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 - 10 Years</u>
Money Market Funds	\$ 280,617	\$280,617	\$ -
Corporate Bonds	1,840,459	406,604	1,433,855
Government Securities	613,000	-	613,000
	<u>\$2,734,076</u>	<u>\$687,221</u>	<u>\$2,046,855</u>

As of September 30, 2006, the Pool had the following investments and maturities:

Genesee County Self-Insured Trust Pool

Notes to Financial Statements September 30, 2007 and 2006

Note 3 - Cash and Investments (Continued)

Investments: (continued)

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 - 10 Years</u>
Money Market Funds	\$ 299,095	\$299,095	\$ -
Corporate Bonds	2,319,720	572,201	1,747,519
	<u>\$2,618,815</u>	<u>\$871,296</u>	<u>\$1,747,519</u>

Credit risk:

State law related to group self insurance pools does not limit the types of debt securities that can be held. As of September 30, 2007 and 2006, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
At September 30, 2007:			
Government Obligations	\$ 613,000	AA WTD	S & P
Corporate bonds	\$1,840,459	A WTD	S & P
At September 30, 2006:			
Corporate bonds	\$ 497,705	AI WTD	S & P
Corporate bonds	\$1,822,015	AI WTD	S & P

Note 4 - Risk Management

There are various legal actions against the Genesee County Self-Insured Trust Pool. Due to the inconclusive nature of these actions, it is not possible for legal counsel to conclusively determine in the aggregate if the probable outcome will exceed the reasonable estimation of the Pool's accrued claims and incurred but not reported liability.

The Pool is self-funded for general liability, law enforcement, incidental medical malpractice, and public official errors and omissions up to the first \$500,000 for each occurrence. During the years ended September 30, 2007 and 2006, the Pool purchased individual claim excess liability coverage through Genesis Insurance up to \$5,000,000. The Pool has purchased additional \$15,000,000 of excess coverage above the underlying \$5,000,000 excess policy, \$5,000,000 from Hanover Insurance and \$10,000,000 from Westchester Fire. The combined excess coverage is \$20,000,000 above the self insurance retention limit of \$500,000.

The Pool pays its losses through an Imprest fund account established with Citizens Banking Corporation in its own name, which is administered by the ASU Group. The net assets as of September 30, 2007 and 2006 were \$5,424,309 and \$5,133,007, respectively. An actuarial study projected a required reserve of \$911,947 and \$525,840 for claims known and incurred but not reported plus \$988,317 and \$860,566 accrued as a liability for incurred but not reported (IBNR) losses and expenses as of 2007 and 2006, respectively. The actuarial study projected a required reserve of \$1,900,264 and \$1,386,406 for known claims and incurred as

Genesee County Self-Insured Trust Pool

Notes to Financial Statements September 30, 2007 and 2006

Note 4 - Risk Management (Continued)

of 2007 and 2006, respectively. The Pool's Risk Manager/Administrator provides various risk control techniques through a continuing education program. There were no reductions in excess insurance coverages or settlements in excess of insurance coverages.

The reserves for claims incurred but not reported (IBNR) is estimated by an independent actuary based upon the Pool's historical experience of claims incurred prior to September 30, 2007. The estimates reflect the actuary's best judgment as to the potential for claims to increase beyond the amounts already paid and reserved on filed claims, including the effects of inflation and other societal and economic factors. It is at least reasonably possible that a material change in the estimate will occur within the near term and thus the actual claims paid may be substantially different than these estimates. Any future adjustments to these amounts will affect the reported results of future periods.

The following represents changes in reserves for claims for the years ended September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Reserves for claims – beginning of fiscal year	<u>\$1,386,406</u>	<u>\$ 826,515</u>
Incurred claims and claim adjustment expenses:		
Provision of insured events of current year	618,097	612,698
Increase (decrease) in provision for insured events of prior years	<u>291,726</u>	<u>296,121</u>
Total incurred claims and claim adjustment expenses	<u>909,823</u>	<u>908,819</u>
Payments:		
Claims and claim adjustment expenses attributable to events of current fiscal year	(71,352)	(34,239)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(324,614)</u>	<u>(314,689)</u>
Total payments	<u>(395,966)</u>	<u>(348,928)</u>
Reserve for claims – end of year	<u>\$1,900,263</u>	<u>\$1,386,406</u>

Required Supplementary Information

Genesee County Self-Insured Trust Pool

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1. Required contribution and investment revenue:				
Earned	\$ 2,200,379	\$ 1,099,299	\$ 1,212,109	\$ 1,350,873
Ceded	(770,248)	(802,074)	(804,263)	(762,007)
Net earned	<u>\$ 1,430,131</u>	<u>\$ 297,225</u>	<u>\$ 407,846</u>	<u>\$ 588,866</u>
2. Unallocated expenses	<u>\$ 150,084</u>	<u>\$ 127,740</u>	<u>\$ 126,362</u>	<u>\$ 426,659</u>
3. Estimated claims and expenses, end of policy year:				
Incurred	\$ 618,097	\$ 612,698	\$ 412,669	\$ 316,364
Ceded	-	-	-	-
Net incurred	<u>\$ 618,097</u>	<u>\$ 612,698</u>	<u>\$ 412,669</u>	<u>\$ 316,364</u>
4. Net paid (cumulative) as of:				
End of policy year	\$ 71,352	\$ 34,239	\$ 12,404	\$ 1,692
One year later		181,180	67,674	38,872
Two years later		-	160,152	120,279
Three years later		-	-	168,311
Four years later		-	-	-
Five years later		-	-	-
Six years later		-	-	-
Seven years later		-	-	-
Eight years later		-	-	-
Nine years later		-	-	-
5. Re-estimated ceded claims and expenses -		-	-	-
6. Re-estimated net incurred claims and expenses:				
End of policy year	618,097	612,698	412,669	316,364
One year later		611,706	376,431	239,474
Two years later		-	869,550	440,184
Three years later		-	-	353,446
Four years later		-	-	-
Five years later		-	-	-
Six years later		-	-	-
Seven years later		-	-	-
Eight years later		-	-	-
Nine years later		-	-	-
7. Increase (decrease) in estimated net incurred claims and expenses from end of policy year		(992)	456,881	37,082

Note – Combined realized and unrealized investment losses amounted to \$1,004,772 and \$827,532 for 2002 and 2001, respectively, causing earned revenues to be negative.

Required Supplementary Information
Ten-Year Claims Development Information

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,606,439	\$ (270,921)	\$ (8,544)	\$ 1,724,157	\$ 1,196,596	\$ 1,093,124
(654,067)	(402,184)	(291,232)	(256,412)	(396,569)	(342,907)
\$ 952,372	\$ (673,105)	\$ (299,776)	\$ 1,467,745	\$ 800,027	\$ 750,217
\$ 333,551	\$ 370,836	\$ 873,183	\$ 685,231	\$ 491,090	\$ 496,951
\$ 10,424	\$ 73,944	\$ 142,512	\$ 310,649	\$ 143,500	\$ 41,032
-	-	-	-	-	-
\$ 10,424	\$ 73,944	\$ 142,512	\$ 310,649	\$ 143,500	\$ 41,032
\$ 2,667	\$ 4,504	\$ 4,665	\$ 649	\$ 29,430	\$ 3,825
5,409	26,716	66,247	163,114	226,143	167,950
21,700	43,105	186,889	282,494	385,688	254,269
147,993	48,316	240,422	451,056	488,396	293,118
183,588	48,316	278,583	502,433	548,989	302,699
-	48,316	283,274	503,405	566,982	310,484
-	-	284,534	526,396	571,923	310,484
-	-	-	526,396	571,990	310,484
-	-	-	-	572,299	310,484
-	-	-	-	-	310,484
-	-	-	-	-	-
10,424	73,944	142,512	310,649	143,500	41,032
203,637	73,981	175,784	451,192	390,836	331,925
87,072	102,279	252,447	493,037	488,717	302,950
234,891	55,778	295,595	578,937	588,046	364,448
212,047	48,316	334,722	502,433	617,139	310,406
-	48,316	334,996	556,501	641,542	310,484
-	-	284,534	526,396	615,502	310,484
-	-	-	526,396	612,655	310,484
-	-	-	-	572,299	310,484
-	-	-	-	-	310,484
201,623	(25,628)	142,022	215,747	428,799	269,452

Genesee County Self-Insured Trust Pool

Required Supplementary Information (Continued) Reconciliation of Claims Liabilities by Type of Contract September 30, 2007 and 2006

Note: The information presented represents the only type of claim covered by the Pool, which is general liability, law enforcement, incidental medical malpractice, and public officials' errors and omissions.

	<u>2007</u>	<u>2006</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	<u>\$1,386,406</u>	<u>\$ 826,515</u>
Incurred expenses and claim adjustment expenses:		
Provision for insured events of current fiscal year	618,097	612,698
Increase (decrease) in provision for insured events of prior fiscal years	<u>291,726</u>	<u>296,121</u>
Total incurred claims and claim adjustment expenses	<u>909,823</u>	<u>908,819</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(71,352)	(34,239)
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>(324,614)</u>	<u>(314,689)</u>
Total payments	<u>(395,966)</u>	<u>(348,928)</u>
Total unpaid claims and claim adjustment expenses at end of fiscal year	<u><u>\$1,900,263</u></u>	<u><u>\$ 1,386,406</u></u>

Other Supplementary Information

Genesee County Self-Insured Trust Pool

Schedule of Principal Assets September 30, 2007

	Carrying Value	Market Value
Short-Term Investments		
MONEY MARKET FUNDS	\$	280,392
AVAILABLE CASH		225
Total		280,617
Government Securities		
200,000 FHLB 5.125% 8/14/13		203,938
200,000 FHLMC 5.250% 7/18/11		205,000
250,000 FNMA 5.250% 8/01/12		204,062
Total		613,000
Corporate Bonds		
150,000 AVERY DENNISON MTN 6.530% 10/09/07		150,007
150,000 COCA COLA BOTTLING CO 6.375% 5/01/09		153,637
150,000 COMCAST CABLE COMM 6.75% 1/30/11		155,580
200,000 COMERICA INC 4.8% 5/01/15		184,919
175,000 DONNELLEY & SONS 4.950% 4/01/14		165,050
175,000 GENERAL ELEC CAP CORP 5.450% 1/15/13		176,638
150,000 J P MORGAN MTN V-M 4.417% 6/28/09		148,215
150,000 LEHMAN BROTHERS INC 6.625% 2/15/08		150,475
125,000 MASCO CORP 5.875% 7/15/12		124,530
175,000 ROGERS CABLE INC 6.250% 6/15/13		177,244
175,000 SLM CORP 5.0% 10/01/13		152,810
100,000 TRICON GLOBAL REST 7.650% 5/15/08		101,354
Total		1,840,459
Common Stock		
1,400 3M COMPANY		131,012
1,600 AMERICAN EXPRESS		94,992
1,800 AMERICAN INTL GROUP		121,770
2,600 AT&T INC		110,006
2,200 BAKER HUGHES		198,814
1,200 BECTON DICKINSON		98,460
2,200 BEST BUY CO INC		101,244
1,100 BOEING CO		115,489
1,100 BURLINGTON NORTH SANTA FE		89,287
3,650 CISCO SYSTEMS INC		120,925

Genesee County Self-Insured Trust Pool

Schedule of Principal Assets - (Continued) September 30, 2007

		Carrying Value
		Market Value
Common Stock (Continued)		
1,700	DEVON ENERGY	141,440
3,700	DISNEY WALT CO	127,243
2,675	GENERAL ELECTRIC CORP	110,745
1,600	GLOBALSANTEFE CORP	121,632
200	GOOGLE INC-CL A	113,454
1,200	GRAINGER WW INC	109,428
1,800	HEWLETT PACKARD CO	89,622
2,550	HILTON HOTELS CORP	118,549
1,400	JOHNSON & JOHNSON	91,980
1,600	KOHL'S CORP	91,728
2,000	MARRIOTT INTL INC	86,940
2,700	MICROSOFT	79,542
1,800	MONSANTO CO	154,332
1,500	MORGAN STANLEY	94,500
1,000	NATIONAL-OILWELL INC	144,500
4,200	ORACLE CORP	90,930
1,600	PEPSICO	117,216
1,500	PRAXAIR	125,640
1,100	PROCTER & GAMBLE CO	77,374
800	PRECISION CASTPARTS CORP	118,384
2,000	ROCKWELL AUTOMATION INC	139,020
3,550	SCHERING PLOUGH CORP	112,286
1,500	STRYKER CORP	103,140
3,300	SYSCO CORP	117,447
3,050	TEXAS INSTRUMENTS INC	111,600
2,100	T ROWE PRICE GROUP	116,949
2,000	WALGREEN	94,480
2,700	WELLS FARGO & CO	96,174
4,200	WESTERN UNION-WI	88,074
Total		4,366,348
Total Principal Assets		\$7,100,424